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HOUSE SUBCOMMITTEE ON
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JOINT HEARINGS ON THE SUBJECT OF:

POST EMPLOYMENT CONFLICT OF INTEREST (REVOLVING DOOR)

Before the Subcommittee on
Seapower and Critical Materials and
Subcommittee on Investigations

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Testimony of OMPAL S. CHAUHAN,
Chief of Manufacturing Operations Assessment Branch
AFCMD, DETACHMENT 34, WICHITA, KS

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Thank you for inviting me to testify today. I am Ompal Chauhan, chief of Manufacturing Operations Assessment Branch of the Air Force Plant Representative Office at the Boeing plant in Wichita, Kansas. I have worked for the Air Force for 9 1/2 years. My entire civil service career has been in the procurement field and has included detachment positions at the Boeing company in Seattle; General Dynamics, Fort Worth; the Headquarter of the Air Force Contract Management Division (HQ AFCMD) in Albuquerque; and the Boeing company in Wichita. That meant I was physically located at those contractors' plants.

During the last 9 1/2 years, I have observed Air Force civilian and military employees being hired by the same contractors they have been supervising, sometimes reporting to work with the contractor the day after their resignation from the military or civil service.

These are not isolated incidents, but represent an alarming, dangerous trend that undermines the objectivity and purpose of our contract relationships. It also damages the morale of employees so that a "see no problems, hear no problems, speak no problems" atmosphere pervades our system.

TEMPTATION

Most of our people are basically honest and straightforward. The biggest problem for our military officials is that our "up or out" system forces them out into the private sector job market at a young age. They have college age kids and need this extra income to continue to acquire their personal amenities and to support their families at a comfortable level.

The need for a source of income is something all of us can understand. It is not fair to expect someone who needs a job to resist the temptation to take the easy course and accept employment

with the contractor.

I and many of my co-workers have observed that when a manager is ready to retire, he doesn't just retire and go to work for the contractor. There is planning involved. The process begins at least two or three years prior to the separation from government service and the manager becomes increasingly soft on the contractor. To get the job, he must know someone in the contractor's heirarchy. He must do things which his future employers like and prove his worthiness for his new job. Consciously or unconsciously the thought of future security begins to affect him. He beings to think more about his future employer than his current one. Loyalties become confused.

In order for us to remove this temptation, our laws must restrict certain post government employment activities with sanctions and penalties.

MORALE

Mr. Chairman, many of the field people I know have feelings of helplessness, despair and disappointment as they watch their superiors kowtow to contractors to further personal ambitions. We lose confidence in our superiors' ability to provide us meaningful guidance. but as much as working level people dislike the revolving door they eventually become desensitized to it and see it as "business as usual."

There are many and complex reasons for the problems of our procurement system, but the revolving door is one of the key contributors. A boss who is seeking post retirement employment is more likely to reward those who do not discover problems than those who do. When your promotions and bonuses are based on not finding anything wrong,

you learn to find nothing wrong and you finally become conditioned to believe there is nothing wrong.

The flow of high level government personnel from the government to the contractor has a lasting impact on the working level people. When their commander or supervisor suddenly goes over to the other side of the table and becomes a manager for the contractor, the first reaction is one of outrage and anger. We don't know if we have been working for the contractor or the government.

The motivation of those who go to work for the same contractor they did business with are suspect. Whatever actions they take are perceived as a negation of their Air Force responsibilities and a betrayal of their command responsibility.

But, the commanders at the local offices and these in charge of programs at program offices exercise their authority over promotions and demotions and choice reassignments. We do what we are told to do, or suffer the consequences.

When we found out that General Alton D. Slay, former commander of Air Force Systems Command had become a consultant to Pratt and Whitney, one of our employees commented to the effect that they make us read all these regulations and fill out all those forms and make us attend all those conflict of interest briefings, when the big people can get away with anything they want. When they are our bosses, they terrorize us by saying that if we do some little thing, it will be a conflict of interest. Meanwhile, they themselves have been negotiating a job with the contractor.

I talked to a number of my co-workers last week when I found out I would be testifying about the revolving door. One of them said, "I knew our former commander used to have a soft spot for Sperry. I

didn't understand it then, but I undersand it now, because he works for Sperry." A second worker commented, "I knew the commander of the Defense Contract Administrative (DCASR) and his Quality Assurance (QA) chief were very friendly with Rockwell. I knew if I tried to get tough with Rockwell, I would have jeopardized my job, but they were rewarded for their friendliness. They have high paying jobs with Rockwell. My commander used to give me a hard time whenever I was tough with the contractor." This translates into a type of cultural conditioning and the message is clear: "DON't rock the boat." the result is that procurement officials may reoutinely overlook any requirement of the contract that might hold the contractor more accountable. I see this all the time at the Oklahoma City Air Logistics Center. Workers in the field there jokingly refer to it as "The Boeing Company - Oklahoma Division." Very simply the long term effect is that government people have difficulty separating themselves from the contractor. Their loyalties are divided. There are no incentives, other than their own ethical and moral beliefs, for doing a good job.

MARKETABILITY OF SKILL AND TALENTS

If aerospace companies are truly interest in the management skills of our retired officer and civilians, they will not be hurt in any way by hiring individuals who supervised the contract of thier companies, even if those companies do business with another service. They simply wuld have to hire retirees or resignees who have not supervised their contract and whose job function did not relate to their immediate field.

Management skills are applicable and useful across the board.

They are as easily applied to buying an Air Force system as one for the Navy or Army.

EXAMPLES OF THE REVOLVING DOOR

Gentlemen: the following is just a sample of the revolving door at work in several of the contractor locations I am familiar with. It is a list of military and civilian retirees and resignees who left the government in the last several years and now work for the defense contractors they formerly supervised.

<u>Former Government Employee</u>	<u>Private Sector Employer</u>
Colonel Gerald W. Zinkan AFPRO (Boeing)	Boeing/Commercial
Lt. Col. Jon Tucker Production Chief (Boeing)	Boeing/E-3A program
Lt. Col Grant Hird Commander, AFPRO (Hughes, Tucson)	Hughes, Tucson/subcontract division
Colonel Ken Mason AFPRO (Boeing)	Boeing/Commercial
Colonel Jim Talley AFPRO (General Dynamics, Fort Worth)	General Dynamics, Fort Worth/Vice President Quality Assurance Manager
Colonel Eric Smith Air Force Contract Management Division Chief of Staff Former Deputy Commander (GD)	M-1 Tank Land Systems General Dynamics, Michigan /Quality Assurance Manager
Colonel Leon Reed AFPRO (Pratt & Whitney)	Pratt & Whitney/Spares Management
LT. Col. Ron Morris Production Chief (TRW)	TRW/Manager
Col Kenneth Haug AFPRO Commander (Martin Marietta)	Martin Marietta/Federal Aviation Administration

Colonel Alan Meidrich AFPRO (Boeing - supervised Sperry contracts)	Sperry
Major Dan Wood Production Chief (GD)	General Dynamics, Fort Worth
Colonel Edward Voorhis Air Force Contract Management Division, Director of Manufacturing Supervised GE contracts	General Electric/Quality Assurance
Colonel Kirk Dunker Director of Manufacturing Rockwell B-1B bomber	Rockwell International
Andy Anderson Chief Manufacturing Operations Hughes	Hughes/Special Projects
Mr. Paul Fisher DCAA Auditor Hughes, Tucson	Hughes, Tucson
Mr. Leonel Gallegos DCAA Auditor Hughes, Tucson	Hughes, Tucson
Colonel Virgil Rizer Material Management Chief, Oklahoma City supervised Boeing contracts	Boeing/Manager Procurement
Ms. Wilma Compton AFPRO Boeing	Boeing
Lt. Col or Col. Ronald DeCaso Maverick program manager Hughes	Hughes, Tucson
Lt. Col or Col. Wayne Mattson Maverick Program Manager Hughes, Tucson	Hughes, Tucson/ Procurement
Lt. Col. or Col. Mac McLay Maverick Program Manager Hughes, Tucson	Hughes, Tucson/Safety and Security

I would like to discuss several of these examples. When I was at General Dynamics, Fort Worth, in the late 1970's, our commander, Colonel Talley, decided to retire. He was hired immediately by General Dynamics as Vice President of Quality. I and the people I

worked with were not aware that our former commander had any experience in quality while working for the government. The staff all wondered, how could he do this? How could this be legal? Who can we trust? It was a topic of conversation throughout AFCMD. In subsequent conflict of interest and standard of conduct briefings, the staff frequently brought up this case as a flagrant example of what should have been a violation of the standards of conflict. But Colonel Talley remains at General Dynamics.

Colonel Talley's deputy commander at General Dynamics, Fort Worth, was not ready to retire. He was transferred to Headquarter (HQ) for the AFMCD. After his tenure there, he retired and is now working for General Dynamics' M-1 tank division as a quality manager.

Those of us in the field who watch these individuals take such assignments, talk openly about how they had gone soft on the contractor. I myself was blocked from getting information on the Maverick missile program from Lt. Col. Hird. In 1983 I was making a routine inquiry about the Maverick to Lt. Col. Hird who was the commander of Hughes AFPRO. He was very upset and instructed his staff not to give me anything. He also wrote a memo to our commander saying that he thought the information I wanted would be misunderstood and misused even though he did not know exactly what it was I was after.

The net result was that I had to go to other sources to complete my report. Shortly thereafter Lt. Col. Hird retired from the Air Force and went to work for Hughes.

I would also like to discuss in some detail, the compromises I felt were made by the government on the Maverick missile program at Hughes in Tucson. First, let me identify what happened to some key players.

In any contracting situation, the following people are entrusted with protecting the interests of the government: 1) program manager; 2) Air Force Plant Representative Office; 3) Defense Contract Audit Agency.

As you can see by the list of revolving door moves I submitted, three former program managers of the Maverick Missile are currently employed by Hughes.

The former commander of the Air Force Plant Representative Office in Tucson is now working for Hughes.

One of the auditors, who was assisting me during the December 1982 Hughes Productivity Study, Paul Fisher, was hired by Hughes even while he was part of our productivity review team. Initially, he was providing us with excellent data. Then for three days, he provided us no data, saying the company was stalling him. On the fourth day, he told us that he was being hired by Hughes and provided us with no further data at all. Two weeks later, he began his new job at Hughes.

During the time frame in which these individuals were supervising the Maverick program (Please see Attachment I), several important questionable actions were taken by the buying office which were not reviewed by the Air Force Contract Administration office or DCAA.

1. There were numerous changes on the Maverick contract which resulted in a total contract price increase from \$104 million to \$341 million.
2. An overrun of \$20 million was absorbed by the government through the use of change orders.
3. The government was receiving poor quality products as evidenced by a subsequent Quality Assurance review which resulted in a

production shut down of the Hughes missile assembly line last summer.

4. On three occasions, funding, over the target price, in the amount of \$41.7 million, was approved to cover a cost overrun and to provide an increased base for progress payments.
5. Numerous changes were negotiated to justify contract price increases.
6. Numerous deviations and waivers were approved without the government getting money back from the contractor as it should have.
7. Numerous deviations and deletions from the Acceptance test were approved without the government receiving money back.
8. Various hardware requirements were deleted without the government receiving money back.
9. Delivery schedules were changed without the government receiving money back.
10. Numerous specifications were relaxed when Hughes could not meet them.
11. There was an option in the contract. The government could have bought 490 missiles for \$111 million. Instead, it, chose to buy 200 missile for \$99.8 million. In other words, they dropped the requirement for 190 missiles which reduced the contract price by only \$11 million. It should have dropped the price by half, or \$60 million.

CONSULTING FIRMS

It is important not only to look at the former government employees now in the employ of major contractors, but also to look at who is hired by consulting firms. There are numerous cases of

individuals in government service approving contracts with these firms and then retiring to become consultants to these firms.

There are also retired general officers who have set up so-called consulting firms on their own and sell their services to DoD contractors. If they were providing truly valuable consulting services, then it would be reasonable to assume they could attract firms other than the Department of Defense as clients.

RECOMMENDED SOLUTIONS

I feel it is possible to solve this problem while protecting the rights of the individual to work. It is important that restoring integrity of our military procurement system be the basic goal of any legislative remedy. I recommend the following:

1. Anyone with a significant degree of business dealings with a contractor three years prior to their separation from government service should be barred from seeking or accepting employment with the same company or subsidiary thereof for a period of three years from the date of their separation from government. This would include consulting services provided directly or indirectly through any other company or operation.
2. Any contractor that violates this law will be fined, and on a second or third offense, will be barred from doing business with the government for a period of three years.
3. All former government employees will be required to submit annual post retirement employment information with the retirement system for three years.
4. Failure to file such a report will result in the suspension

of their retirement benefits.

5. Corporations who do business with the government should be required to file an annual disclosure statement about the former government employees they hire. Failure to adhere to the three year employment ban would result in appropriate penalties.

Members of the committee, I believe that it is necessary to enforce compliance from contractors, as well as those retired government personnel who may go to work for them. I don't believe penalties for individual employees will of course, not deter the contractor and the temptation on the part of the soon to retire government official to take the job with the contractor is so strong that people will take a chance, knowing the government cannot possibly litigate all cases.

SUMMARY

They are also hired not so much for what they can do, but for whom they know, their knowledge of the internal operation of the government offices and their understanding of the strengths and weaknesses of the government's position.

Based on my own experience, I believe that being tough and doing your job does not result in internal recognition or promotion, much less future employment with the contractor. When I look at a contractor, I approach solely as a representative of the Air Force and one generally viewed as "tough." I have never been offered anything by a contractor and I am consistently turned down for promotions I have applied for, and I believe my professional career is stunted. The equation I have observed is as follows: Flexible loyalties + laxity = job offers. Toughness + accountability demanded of the contractor = job stagnation.

As John Gardner said in his book Excellence: "When gifted individuals come into positions of influence and power - either through their own seeking or through the accidents of history - the society can no longer tolerate irresponsibility in them. It must expect a commitment to the larger good."